

Rising Premiums, Shrinking Coverage: New York Times Documents How Obamacare Fails to Deliver

“We’ll bring premiums down by \$2,500 for the typical family.”

— Barack Obama, June 9, 2008¹

“It’s out of control....We and our employees have to absorb these huge increases in health insurance costs.”

— Small business owner William DeLuca III²

A story in the *New York Times* this past Saturday³ documented a major problem for small businesses, one that has raised their costs and discouraged them from hiring—skyrocketing premiums for health insurance. While candidate Obama promised to cut premiums by \$2,500 per family, the story described how businesses and employees are struggling because President Obama’s health care law has failed to deliver:

- “Workers at a circuit-board factory [in Manchester, NH] just saw their health insurance premiums rise 20 percent. At Buddy Zaremba’s print shop nearby, the increase was 37 percent. And for engineers at the Woodland Design Group, they rose 43 percent.”⁴
- When one small business owner “was recently notified that the monthly premium for single employees at his firm was going up by \$229, or 40 percent, to \$789...he felt ‘a combination of anger and frustration.’”⁵
- “In New Hampshire...the insurance market for individuals, families and small businesses is extremely fragile....This year, groups of more than 20 workers have been experiencing premium increases of around 20 percent, insurance agents say, while smaller groups are seeing increases of 40 percent to 60 percent or more.”⁶

As a presidential candidate, Barack Obama promised no fewer than 20 times that he would cut premiums by \$2,500 for the average family.⁷ His campaign advisers said, “we could get to \$2,500 in savings by the end of the first term.”⁸ Yet the average employer health insurance premium has risen by nearly \$1,100 per family since President Obama took office.⁹ And many factors in the law he signed, rather than reducing premiums, have exacerbated their increase:

- A portion of the higher premiums faced by residents in New Hampshire and elsewhere are due to the new mandates imposed by the law. Last fall, insurers noted that “they plan to raise premiums...as a

direct result of the health overhaul,” with some consumers facing total premium increases of more than 20 percent.¹⁰

- Likewise, the Congressional Budget Office previously estimated that individual health insurance premiums would rise by an average of \$2,100 per family due solely to the new mandates included in the health care law.¹¹
- Other elements of insurance premium increases reflect rising costs – a trend worsened by the health care law. An April 2010 analysis from the non-partisan Medicare actuary noted that the health care law will RAISE costs by \$310,800,000,000.¹² And earlier this year, the Medicare actuary testified that President Obama’s promise that the health care law would lower costs was “false, more so than true.”¹³

Whatever people may have thought about the law prior to its enactment, they are seeing its ramifications in their pocketbooks and paychecks every week. The American people continue to advocate for true health reform—but seeing the results of Democrats’ law in their wallets, they recognize that what was enacted last year isn’t it.

¹ “Remarks of Senator Barack Obama: Change That Works for You,” Raleigh, NC, June 9, 2008, http://www.barackobama.com/2008/06/09/remarks_of_senator_barack_obam_76.php

² “As Health Costs Soar, GOP and Insurers Differ on Cause” by Robert Pear, *New York Times* March 5, 2011, <http://www.nytimes.com/2011/03/05/health/policy/05cost.html>.

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⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ “20 Promises for \$2,500: All Americans Now Await Lower Premiums Promised by Obama,” compilation of video clips at <http://www.youtube.com/watch?v=0yRc1GR9nO0>

⁸ “Health Plan from Obama Spurs Debate” by Kevin Sack, *New York Times* July 23, 2008, <http://www.nytimes.com/2008/07/23/us/23health.html>

⁹ Based on a comparison of the 2008 and 2010 Kaiser Family Foundation/HRET surveys of employer-provided health insurance plans. See the first pages of <http://ehbs.kff.org/images/abstract/7791.pdf> and <http://ehbs.kff.org/pdf/2010/8086.pdf>.

¹⁰ “Health Insurers Plan Hikes” by Janet Adamy, *Wall Street Journal* September 7, 2010, <http://online.wsj.com/article/SB10001424052748703720004575478200948908976.html>

¹¹ Letter from CBO to Senator Bayh, November 30, 2009, <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>

¹² Memo from the CMS Office of the Actuary, re: Estimated Financial Effects of the “Patient Protection and Affordable Care Act,” as Amended, April 22, 2010, http://www.cms.gov/ActuarialStudies/Downloads/PPACA_2010-04-22.pdf

¹³ Richard Foster testimony before House Budget Committee, January 26, 2011, video available online at <http://www.youtube.com/watch?v=XC9rhGWJA2w>